



Review of UI Trust Fund

Small Business Workshop

October 23, 2019

Department of Employment, Training, & Rehabilitation

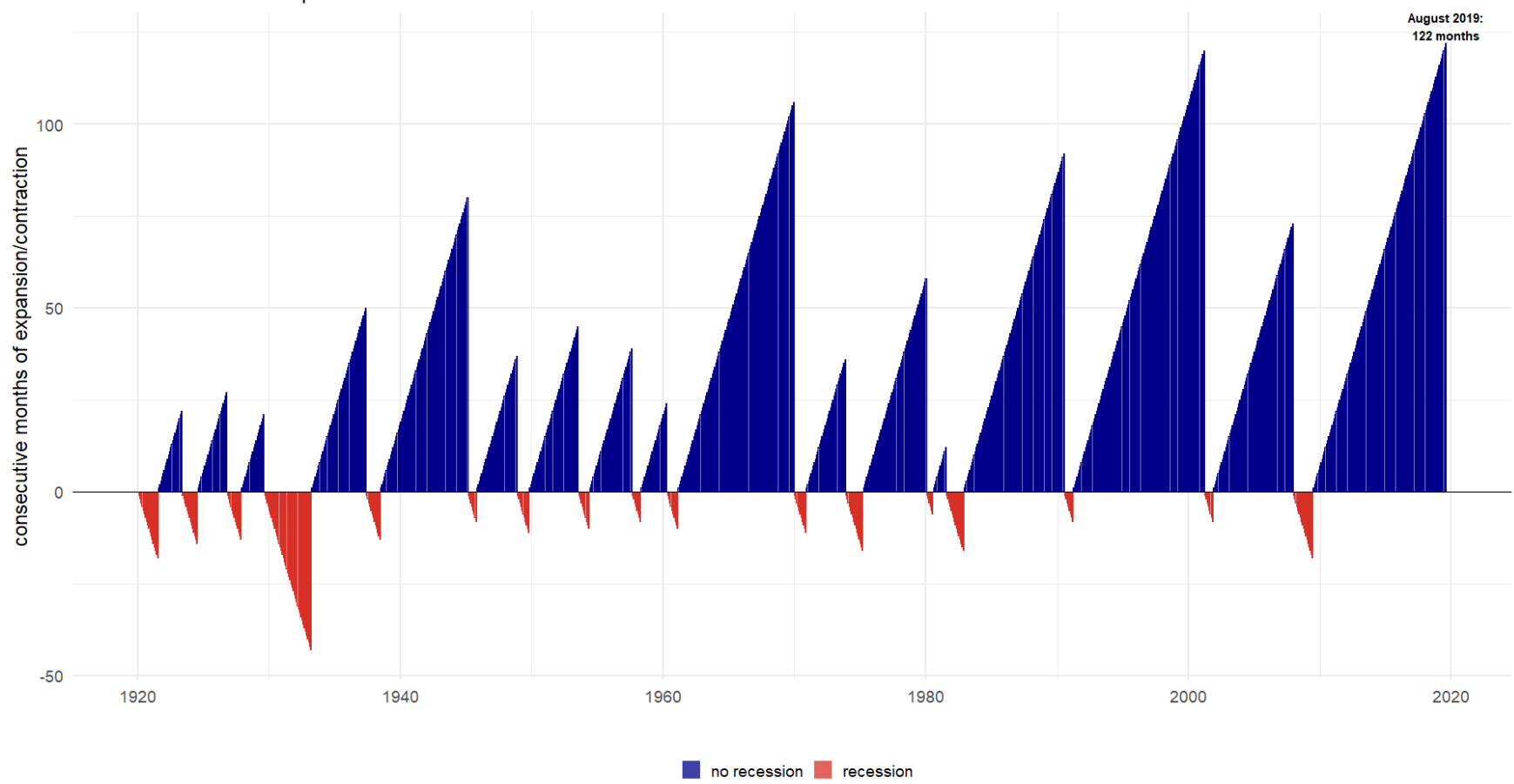
Jeremey Hays, Economist

Prepared by the Research and Analysis Bureau

National Perspective: Longest Economic Expansion in U.S. History

U.S. Economic Expansions & Contractions

consecutive months of expansion/contraction



Source: National Bureau of Economic Research Recession Dates



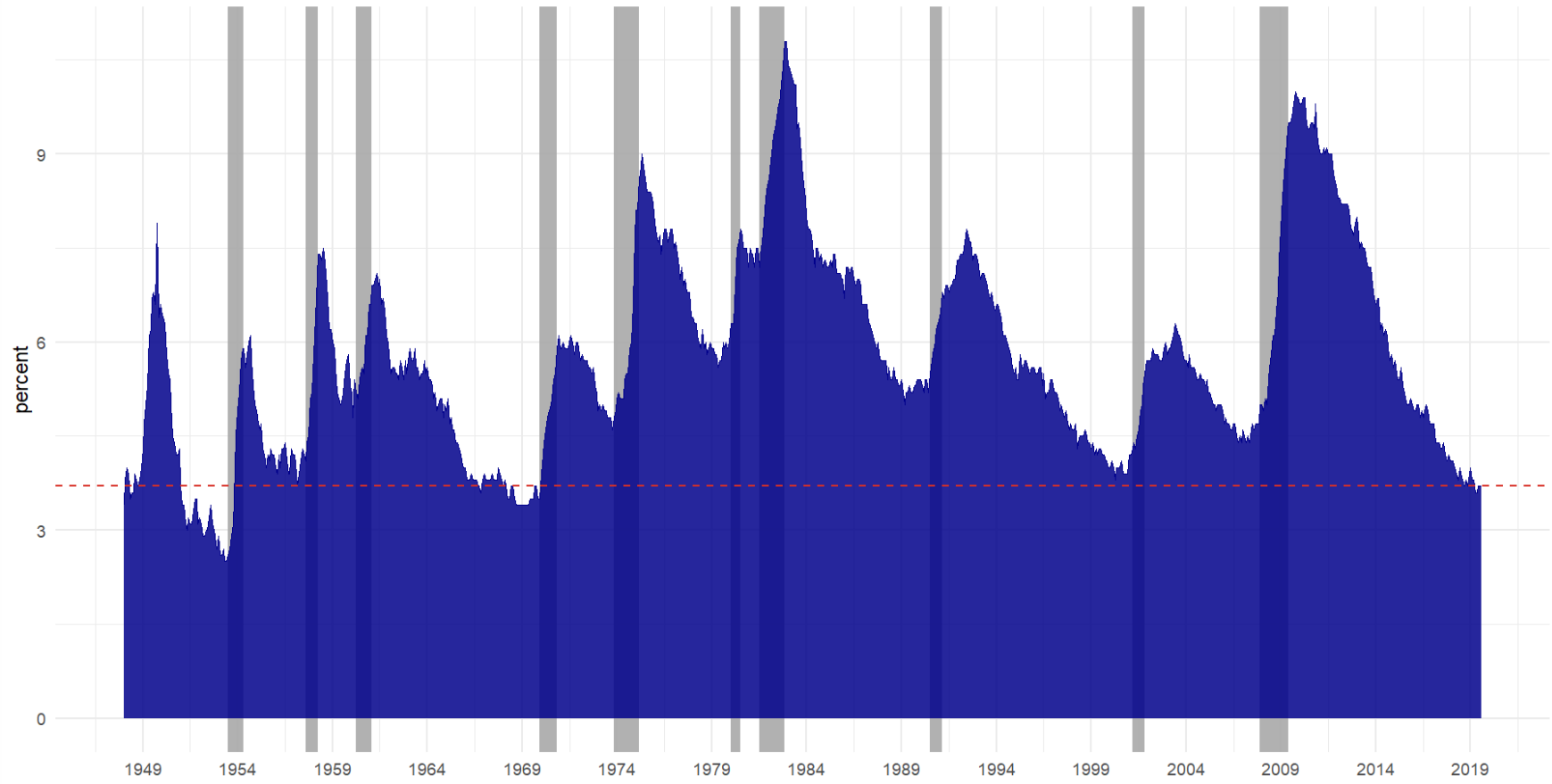
NevadaWorkforce.com
@NVLaborMarket



National Perspective: Unemployment Rate at Lowest Levels since 1960s

U.S. Unemployment Rate

seasonally adjusted rates by month 1948 to 2019, dashed line at August 2019 rate

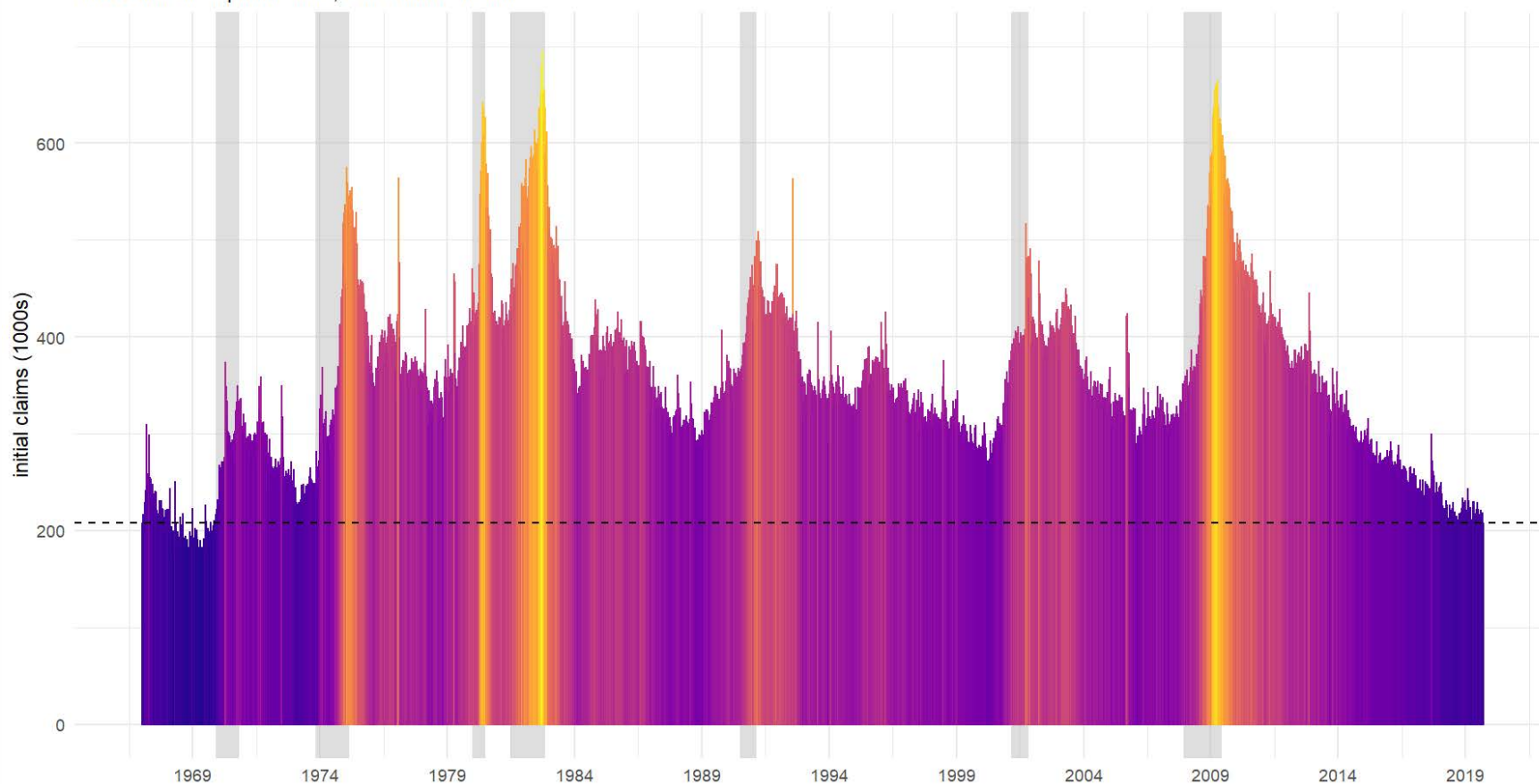


Source: U.S. Bureau of Labor Statistics, shaded bars represent NBER recessions

National Perspective: UI Claims at Historic Lows

U.S. Weekly Initial Claims for Unemployment Insurance

dotted line at September 14, 2019 value of 208k



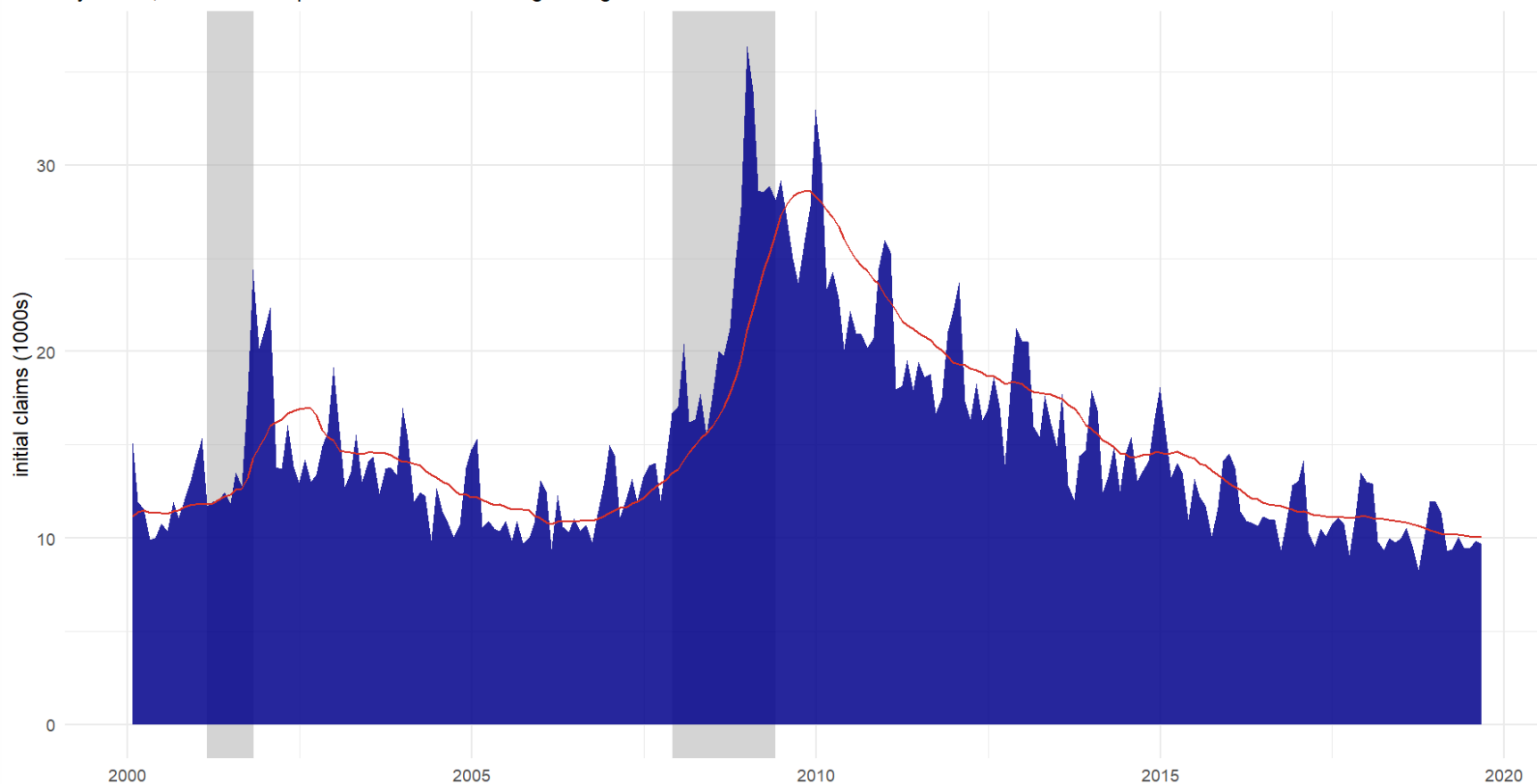
Source: U.S. Bureau of Labor Statistics

Nevada UI Trends:

Initial Claims Averaging 10k a Month

State of Nevada Unemployment Insurance Initial Claims

by month, dashed line represents 12 month moving average

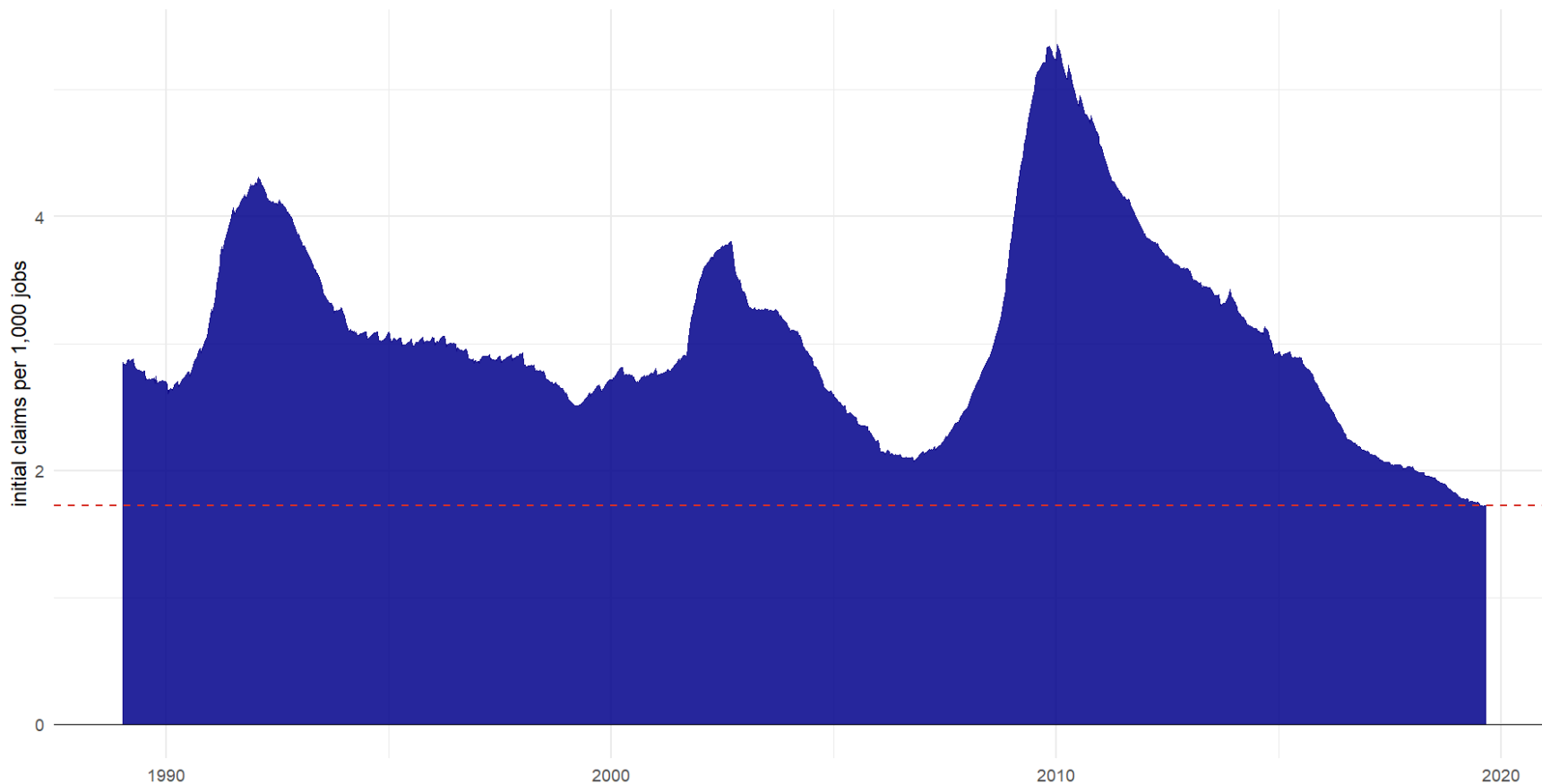


Source: ETA 5159

Nevada UI Trends: Initial Claims at All-Time Low Relative to # of Jobs

State of Nevada UI Initial Claims per 1,000 Jobs

1989 to current

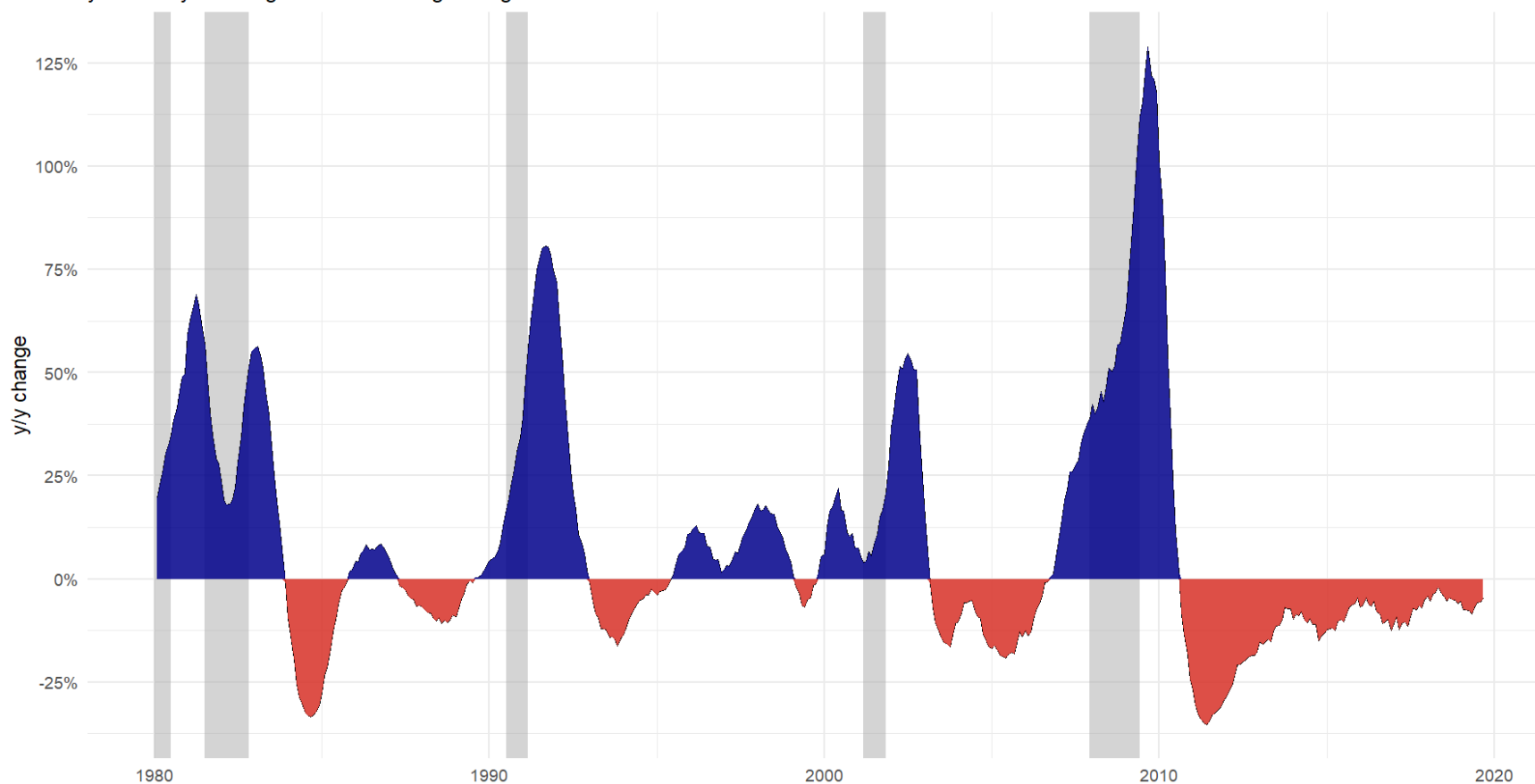


Source: ETA 539

Nevada UI Trends: Benefit Payments Still in Decline

State of Nevada Unemployment Insurance % Change in Benefit Payments

year-over-year using 12 month moving average

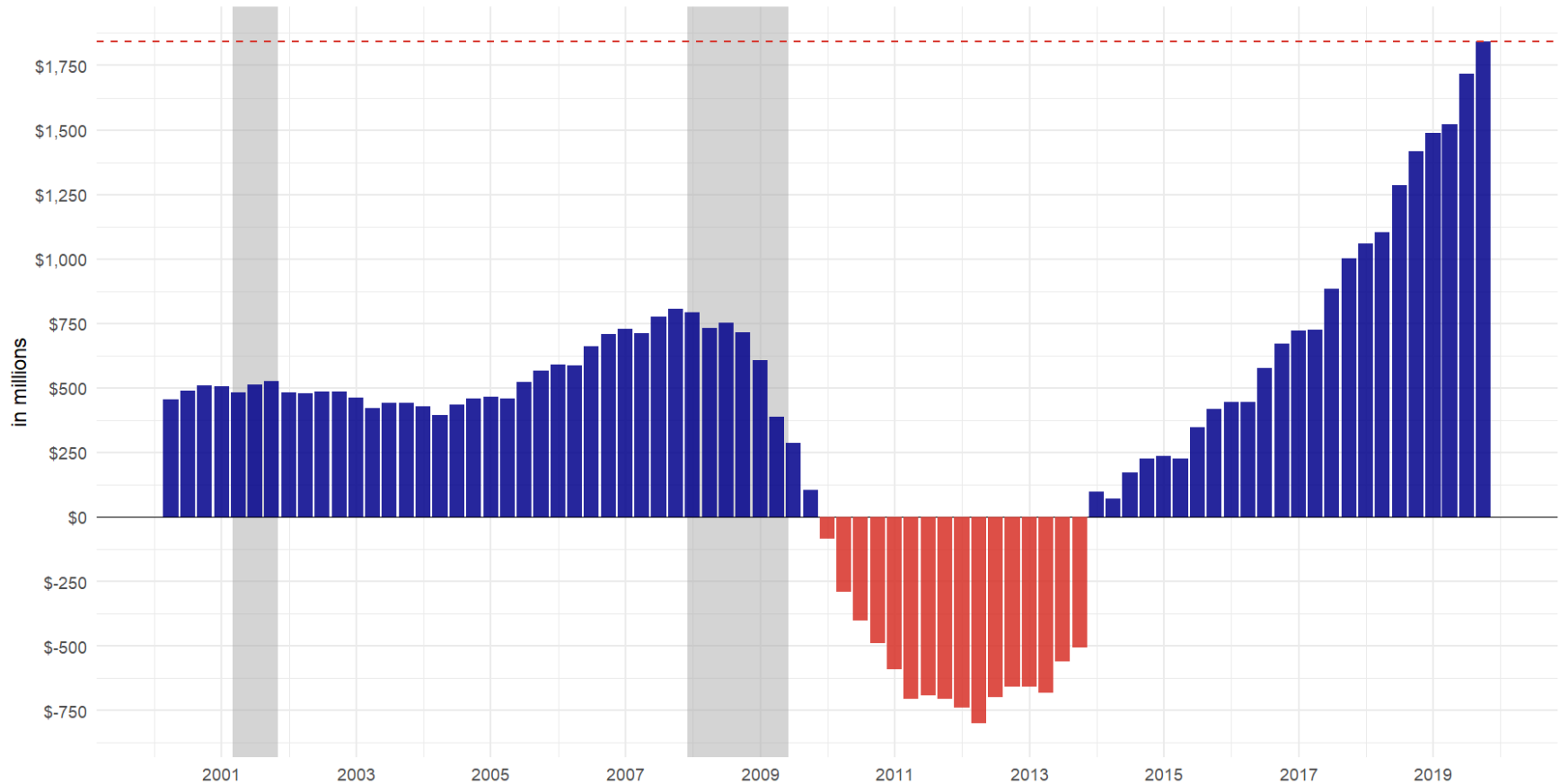


Source: ETA 5159

Nevada's Trust Fund: Growing and Growing

State of Nevada UI Trust Fund Balance

quarter-ending balances including borrowing

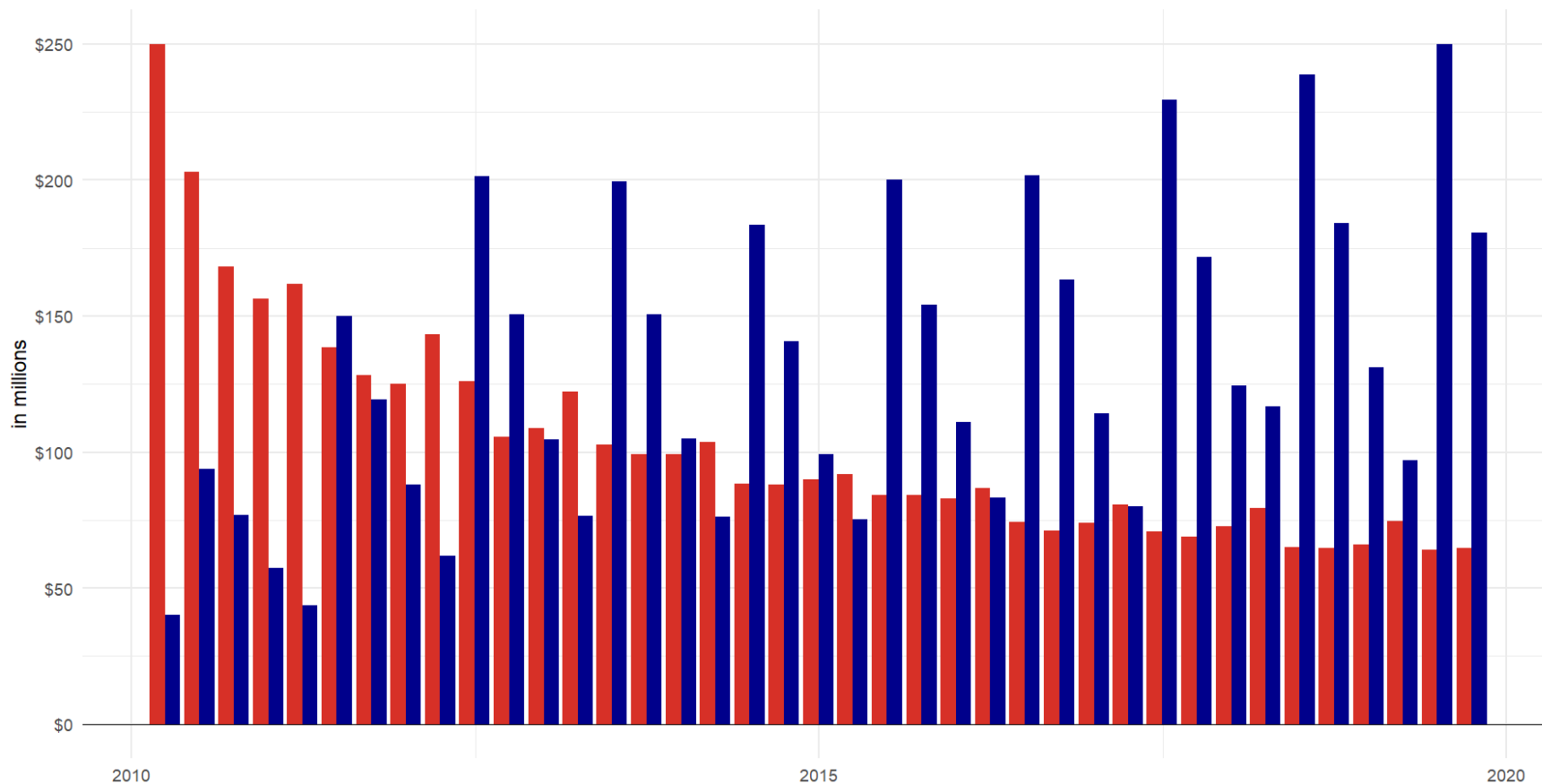


Source: ETA 2112 & Treasury Borrowing Reports

Nevada's Trust Fund: Trust Fund Growth in Last 14 Quarters

State of Nevada UI Contributions & Benefit Payments

quarter-ending totals (excludes UI bond proceeds)

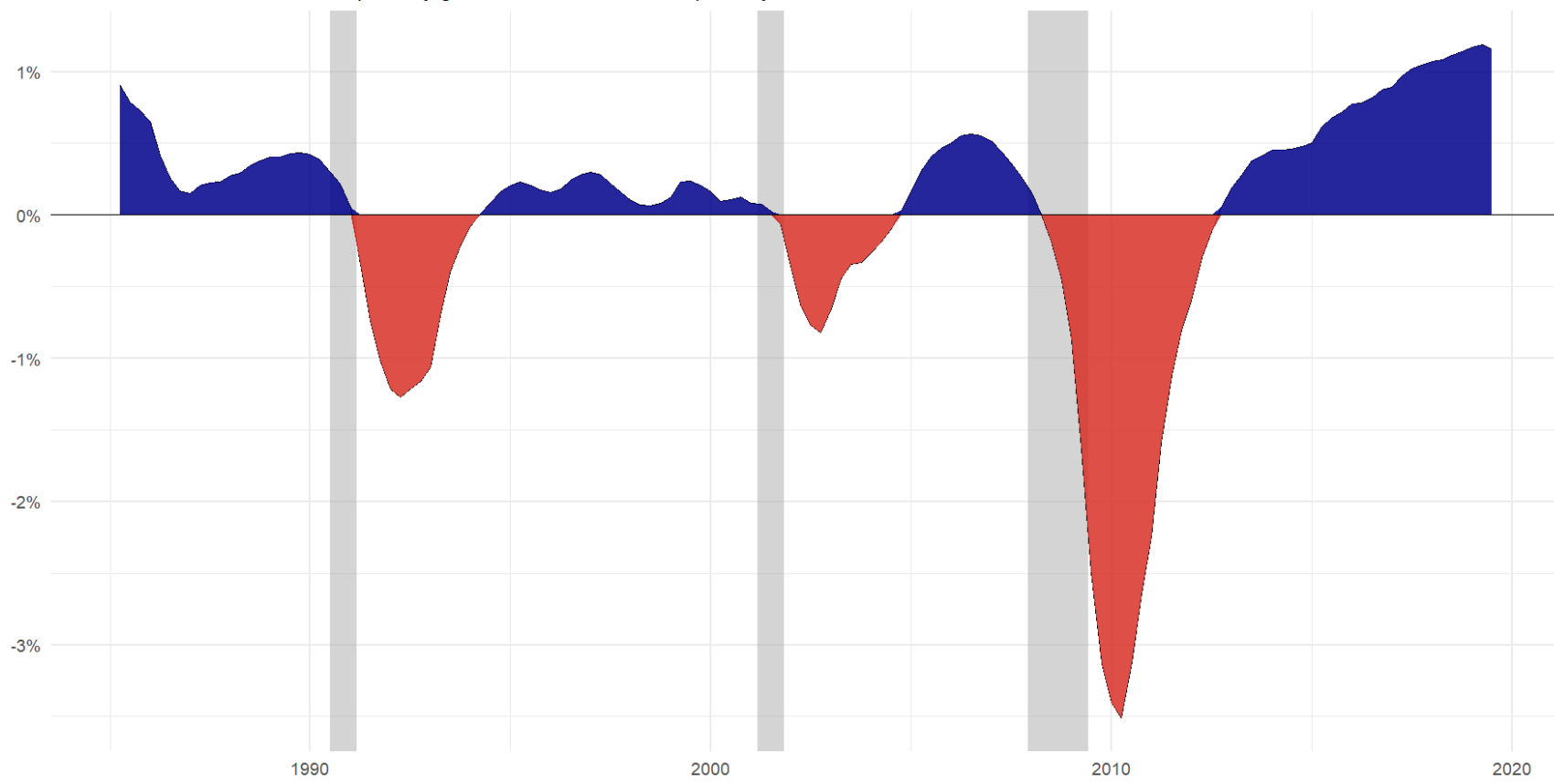


Source: ETA 2112

2020 Rate Discussion: Contribution Rates and Benefit Cost Rates

Net Difference of UITF Average Tax Rate & Benefit Cost Rate

difference of quarterly rates
blue-shaded areas result in TF quarterly growth, red-shaded in TF quarterly decline

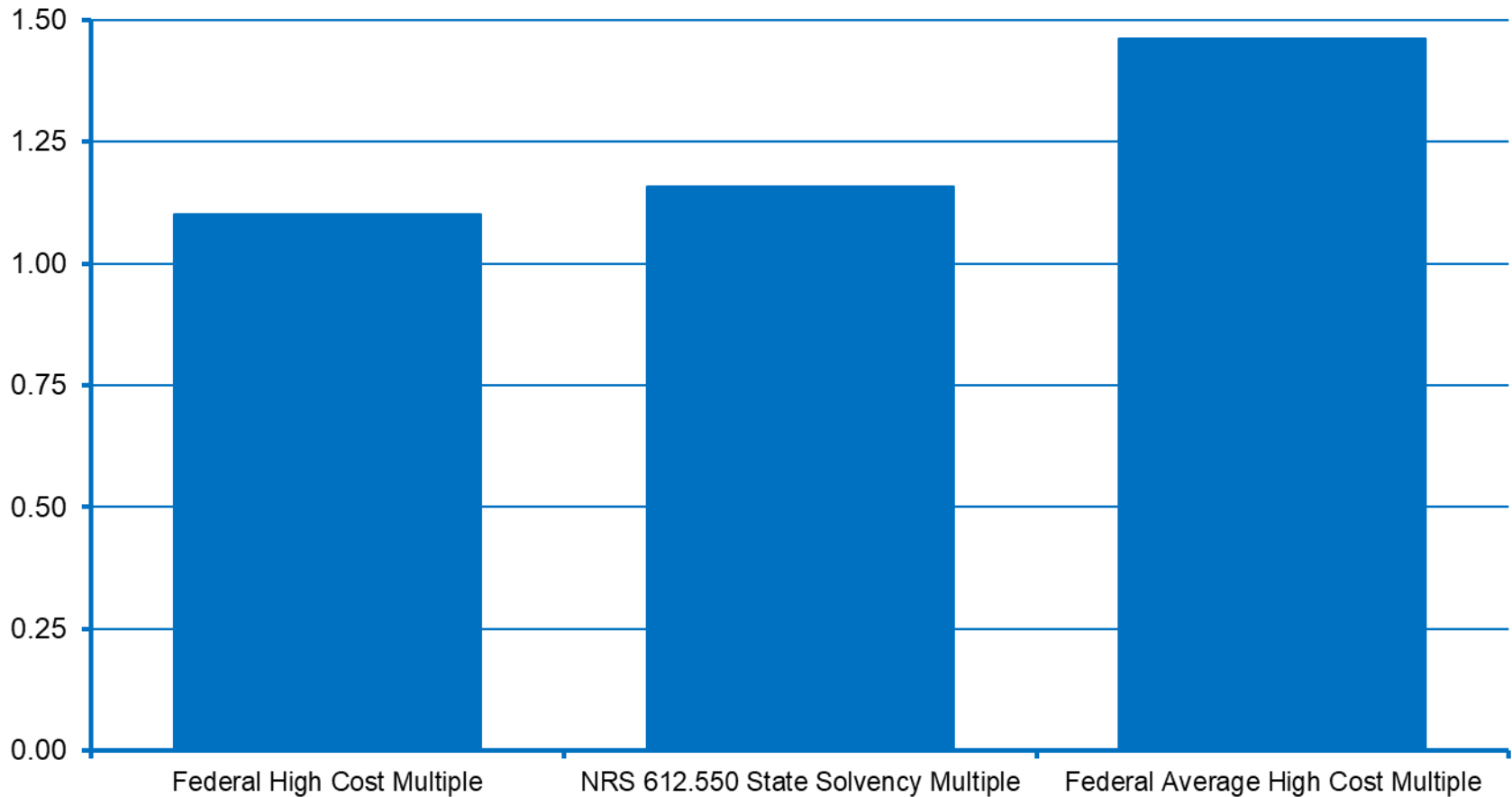


Source: ETA 2112

Nevada's Trust Fund: Current Solvency Multiples

Trust Fund Solvency Levels

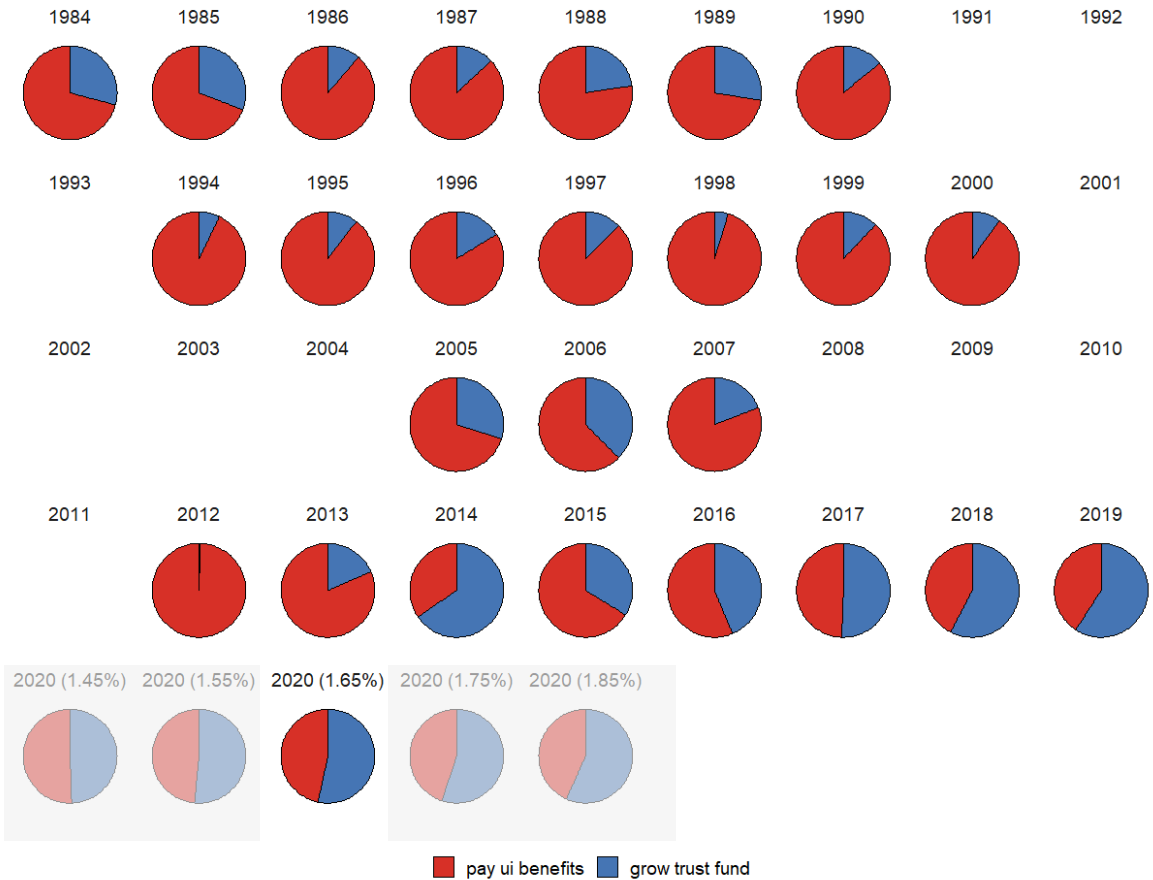
quarter-ending Q3 2019



2020 Rate Discussion: Where do UI Contributions Go?

Distribution of UI Contributions

by ESC year



Source: ETA 2112

2020 Forecast:

Potential 2020 Tax Rates

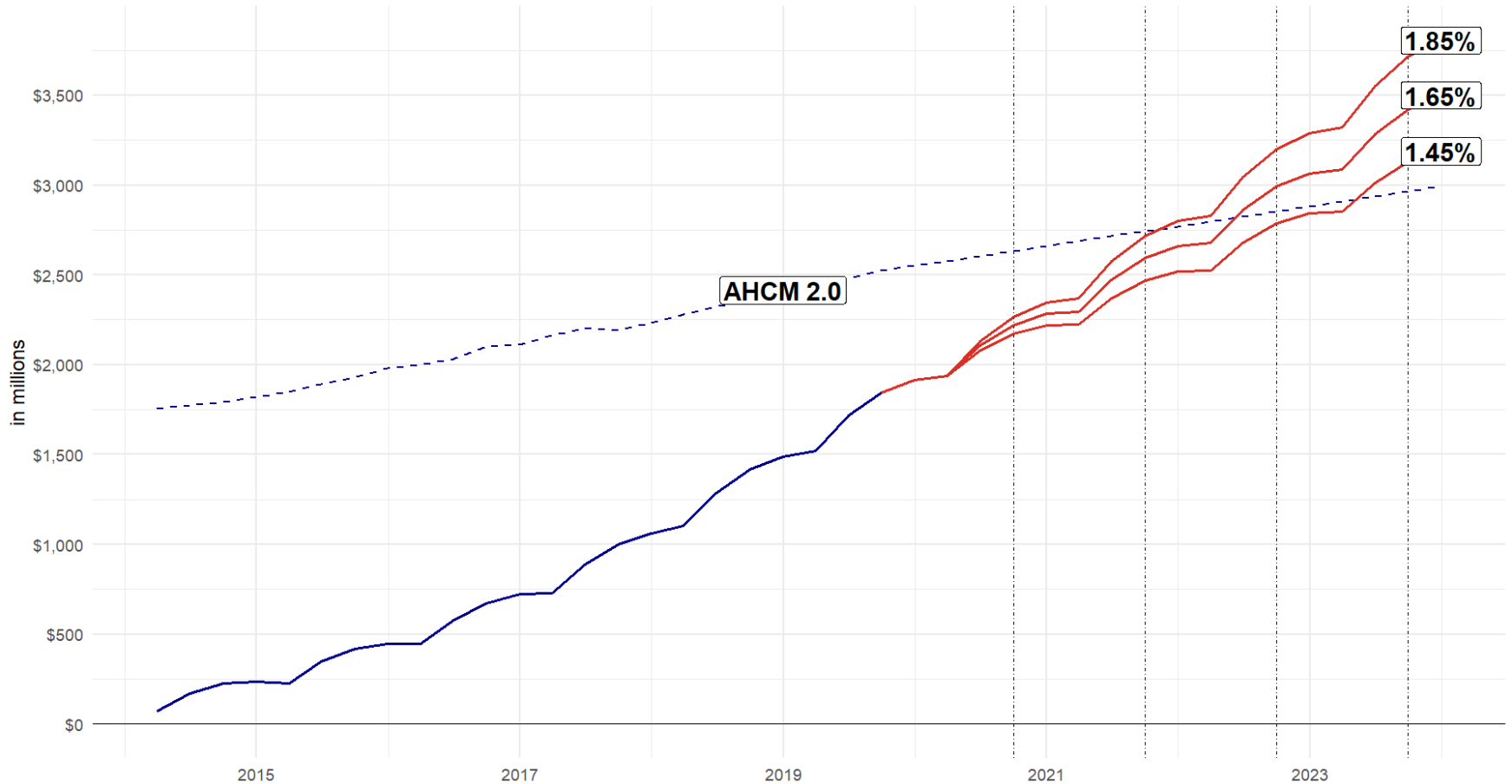
Nevada Solvency Calculation	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>
Covered Employment	1,235,305	1,235,305	1,235,305	1,235,305	1,235,305
Highest Risk Ratio - 3/2011	12.42%	12.42%	12.42%	12.42%	12.42%
Highest Weeks Duration - 09/2011	16.21	16.21	16.21	16.21	16.21
Average Weekly Payment	\$372.29	\$372.29	\$372.29	\$372.29	\$372.29
Solvency Target (Millions)	\$925.3	\$925.3	\$925.3	\$925.3	\$925.3
UI Trust Fund Level					
Beginning Fund Balance (Millions)	\$1,844.3	\$1,844.3	\$1,844.3	\$1,844.3	\$1,844.3
Intake to Fund	614.8	638.9	662.9	686.9	710.9
Taxes	568.3	592.1	615.9	639.7	663.6
Interest	46.5	46.7	46.9	47.2	47.4
Payout From Fund	286.9	286.9	286.9	286.9	286.9
Regular Benefits	286.9	286.9	286.9	286.9	286.9
Net Change in Fund	327.9	351.9	375.9	400.0	424.0
Ending Fund Balance (Millions)	\$2,172.2	\$2,196.2	\$2,220.3	\$2,244.3	\$2,268.3
State Solvency Excess (Millions)	1,246.9	1,271.0	1,295.0	1,319.0	1,343.1
State Solvency Multiple	2.35	2.37	2.40	2.43	2.45
AHCM Solvency Excess (Millions)	884.4	908.4	932.5	956.5	980.5
Average High Cost Multiple	1.65	1.67	1.69	1.70	1.72
Average Tax Rate	1.45%	1.55%	1.65%	1.75%	1.85%
CEP Assessment	0.05%	0.05%	0.05%	0.05%	0.05%
Total Cost to Employers	1.50%	1.60%	1.70%	1.80%	1.90%
Average Cost Per Employee at Taxable Wage Base	\$483.00	\$515.20	\$547.40	\$579.60	\$611.80

2020 Forecast:

Estimated Trust Fund Balance Over Time

State of Nevada UI Trust Fund Estimated Balances at Various UI Tax Rates

estimated periods: Q3 2019 to Q4 2023



2020 Forecast: Long Term Effect of Different Rates

AHCM on Sept. 30 of Each Year					
Tax Rate	Current	2020 AHCM	2021 AHCM	2022 AHCM	2023 AHCM
1.45%	1.46	1.65	1.80	1.95	2.11
1.55%	1.46	1.67	1.85	2.02	2.21
1.65%	1.46	1.69	1.89	2.10	2.31
1.75%	1.46	1.70	1.94	2.17	2.41
1.85%	1.46	1.72	1.98	2.24	2.50

- Estimates reflect constant tax rate for all years in baseline, no recession scenario.

For Additional Information, Please Contact:

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